**Calculating Amount to Be Financed/Borrowed**

Car Loan Project

Step 1: Research and gather pricing information on two cars you may want to buy. Choose two different car makes and models (ex. Toyota Corolla vs. Honda Civic).

**Car 1**

**Vehicle Make/Model** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Price of Vehicle **$** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Tax (6.25% of price) **+** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Registration Fees (2% of price) **+** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Vehicle Total Cost **=** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Vehicle Trade-in Value **-** \_\_\_\_\_\_\_\_\_\_\_0\_\_\_\_\_\_\_\_\_\_\_\_

6. Down Payment (15% of price) **-** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. **Total Amount to Be Financed/Borrowed = $** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Car 2**

**Vehicle Make/Model** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. Price of Vehicle **$** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. Tax (6.25% of price) **+** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Registration Fees (2% of price) **+** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4. Vehicle Total Cost **=** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

5. Vehicle Trade-in Value **-** \_\_\_\_\_\_\_\_\_\_\_0\_\_\_\_\_\_\_\_\_\_\_\_

6. Down Payment (15% of price) **-** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

7. **Total Amount to Be Financed/Borrowed = $** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Calculating Payments:** Car Loan Project

Step 2: Calculate the monthly payments, total finance charges, and total cost of loan for each rate of interest and length of loan based on each amount that needs to be financed for both cars. To calculate the total finance use the following: Amount to be financed X APR X number of years = total finance charge.

Car # 1: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amount to be financed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| APR | Length of Loan | Amount of Monthly Payment | Total Finance Charge | Total Cost of Loan |
| 0% | 36 months |  |  |  |
| 0% | 48 months |  |  |  |
| 0% | 60 months |  |  |  |
| 1.9% | 36 months |  |  |  |
| 1.9% | 48 months |  |  |  |
| 1.9% | 60 months |  |  |  |
| 5% | 36 months |  |  |  |
| 5% | 48 months |  |  |  |
| 5% | 60 months |  |  |  |

Car # 2: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Amount to be financed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| APR | Length of Loan | Amount of Monthly Payment | Total Finance Charge | Total Cost of Loan |
| 0% | 36 months |  |  |  |
| 0% | 48 months |  |  |  |
| 0% | 60 months |  |  |  |
| 1.9% | 36 months |  |  |  |
| 1.9% | 48 months |  |  |  |
| 1.9% | 60 months |  |  |  |
| 5% | 36 months |  |  |  |
| 5% | 48 months |  |  |  |
| 5% | 60 months |  |  |  |

Step 3: Analyze your findings

1. Based on a monthly income of $2000 where your car loan is 15% of your net pay, which of the two vehicles can you afford to buy? At what price, APR, and length of loan?
2. Based on a monthly income of $2500 where your car loan is 15% of your net pay, which of the two vehicles can you afford to buy? At what price, APR, and length of loan?
3. Based on a monthly income of $3000 where your car loan is 15% of your net pay, which of the two vehicles can you afford to buy? At what price, APR, and length of loan?
4. What situations might make you decide not to take each of the following:
5. The lowest interest rate:
6. The smallest monthly payment:
7. The shortest time:
8. The loan with the lowest cost: